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SUBJECT: UNGA/C-5: DEVELOPMENT ACCOUNT A LIGHTENING ROD FOR
BUDGET NEGOTIATIONS

¶1. (SBU) Summary. The Administrative and Budgetary Committee met in formal session on October 30 for introduction of several reports on the Development Account. The Secretariat presented three proposals for identifying additional resources for the Development Account. The ACABQ evaluated the Secretariat's proposals as being unrealistic and recommended review of the Development Account in all aspects. Member States were in agreement with the ACABQ on the former assessment, but the G-77 and Rio Group are adamantly in favor of increasing funding to the Development Account. End Summary.

¶2. (U) The Administrative and Budgetary Committee met in formal session on October 30 for the introduction of several reports from the Secretariat and the Advisory Committee on Administrative and Budgetary Questions (ACABQ) pertaining to the Development Account. The Secretariat had been tasked with finding ways in which \$2.5 million in additional resources could be identified for transfer to the Development Account without using surpluses. Sharon Van Buerle, Director of Program Planning and Budget Division, reported to the Committee that the Development Account is largely achieving its aims and purposes, producing demonstrable and beneficial results, but that expectations for the long-term developmental impact of the Account should be put into perspective. The Secretariat proposed adopting efficiency gains identified by the Office of Internal Oversight Services (OIOS), implementing results-based management, and realigning priorities in the context of competing demands for the use of the overall UN program budget.

¶3. (U) ACABQ Chairman Rajat Saha, in introducing his committee's report on the topic, noted that the solutions suggested by the Secretariat for acquiring resources for the Development Account are not realistic. The ACABQ also recommended that the 5th Committee review the Development Account in all aspects.

¶4. (U) During the formal committee meeting, only developing states intervened: Pakistan (on behalf of the Group of 77 and China), the Dominican Republic (on behalf of the Rio Group), Venezuela, India, and Nicaragua. Developing states expressed disappointment that funding for the Development Account has fallen well short of the original \$200 million funding goal, with actual provision of only \$65 million in the past 10 years. They also expressed incredulity that the Secretariat failed to identify savings and efficiencies that could provide the additional \$2.5 million for the Development Account. Developing states criticized the recommendations provided in the Secretariat's report as being impractical for identifying desired resources for the Account.

¶5. (U) Venezuela, in formal statement, suggested that all funding options should be considered, to increase funding to the Development Account through "effective mechanisms," i.e. a per rata appropriation from the programme budget. Venezuela also advocated for the use of \$7 million in "unspent surpluses" in the Secretary General's discretionary account for "evolving needs," a proposal that was echoed by other

delegations during the informal consultations that followed. Nicaragua stated in informals that finance through efficiency gains had been "a total failure." Israel commented that a fundamental change in the Secretariat's approach towards the Development Account is needed, and that the General Assembly should "guide the Secretariat in a different direction." Developing states responded vehemently that development has long been treated as a "stepchild" when it has been touted as a centerpiece of the UN's priorities. Nicaragua asserted, in reference to the Secretariat's recommendations, that "realignment of priorities is futile."

¶6. (U) The Secretariat responded that the Secretary General's discretionary monies are gleaned from savings or underutilization from posts that have not been filled and use of the funds would be a "one off" in 2007 only, not to be relied upon for base funding for the Development Account. Informal consultations on this issue will continue at a later date, and the chair called for Member States to submit draft resolution language.

¶7. (SBU) Comment: As evidenced by the large turnout by delegations during informal consultations on this agenda item, the Development Account is a significant symbol for the developing world, one the G-77/China and Rio Group are taking very seriously. This issue may be a lightening rod for and have significant impact on budget negotiations during the regular session. End comment.

Khalilzad